



Missouri

Real Estate Appraisers Commission

Division of Professional Registration

Message from the Chair

By: Skip Knopf

I'm sure most appraisers would agree, the training of new appraisers has become very challenging. No one wants to put their license in jeopardy by having a trainee make career ending mistakes. Thus, it is not only for the protection of the consumer, but also for the certified appraiser that a rule is in place for the supervision. The supervising appraiser shall personally inspect fifty (50) properties with the registrant. Furthermore, the supervisor had to have been a certified appraiser for at least two years. These two rules have made good headway in reducing the amount of complaints. Of course these two rules have also reduced how many appraisers want to train new appraisers.

In my opinion, we have to rethink how we bring new appraisers into the profession. Currently the economics of the colleges are not seriously thinking of the appraisal profession as a curriculum. Thus, we need to review how we're going about the business of training new appraisers. The training should be slow and methodical, instead of rushing people into the profession during the next business cycle. With unemployment being so high, now is the time to hire a possible future appraiser. The college graduate who is having problems finding employment or someone wanting to change career could be ideal. We can then slowly and relatively inexpensively introduce them to the appraisal business through staff work. They can be well trained into market area research, researching a comparable, adjustments, understand Marshall Swift and work through income approaches to value. There should be no doubt, in their mind, that there job is staff support. The promotion would actually be when we consider them possibly educated in the basics enough to become a trainee. We can take them with us on an appraisal at our leisure when we think it could be a learning lesson and they would

be an asset to the appraisal. There is no hurry to get the trainee certified; however, a certified appraiser may not serve as a supervising appraiser for an individual for more than five years. This stops the supervisor from unfairly impeding a trainee from getting a certification.

As a supervisor it is very important that when you bring a trainee into the business that you assist the trainee in becoming registered with the Commission. The trainee will not accumulate any experience hours until the Commission has approved the registration. This protects the trainee and allows the public to know who is actually completing appraisals in the marketplace. Hopefully, we can continue to grow in quality and experience level of our profession through this program.

For additional information regarding trainee requirements, please refer to regulation 20 CSR 2245-3.005.



Governor
Jeremiah W. (Jay) Nixon

**Department of Insurance, Financial
Institutions and Professional
Registration**

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Division of Professional Registration

Jane A. Rackers, Director

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Vacant, Member

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AQB New Criteria

The Appraisal Qualifications Board is currently working on amending the criteria to obtain a license/certification as an appraiser. The Commission encourages you to view the proposed changes at <http://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=TAF&WebCode=AQBDraft> and to submit comments to the AQB.

The proposed changes include:

- Revision to Require Education and Experience as Prerequisites for the Examination
- Revision to College Degree Requirements and Removal of "In Lieu Of" Option for College
- Requirement for Background Checks
- Revisions Pertaining to College Degrees in Real Estate
- Revision to 7-Hour National USPAP Update Course Eligibility
- Removal of Segmented Approach to Criteria Implementation
- Restriction on Continuing Education Course Offerings
- Revisions to Distance Education Requirements
- Revisions to Trainee Appraiser Qualifications
- Proposed Supervisory Appraiser Requirements
- Revisions to Guide Note 1 (GN-1)

Once the amendments have been finalized by the AQB, the Commission will amend their laws and regulations accordingly to be in compliance.

Fannie/Freddie announce changes for residential appraisals

By: Ann Nunn Jones

On December 16, 2010 Fannie Mae and Freddie Mac announced Field-Specific Standardization Requirements for lenders and appraisers. The GSEs will require appraisals be completed with standardized responses in certain form fields. This standardization will facilitate consistent appraisal reporting nationwide. The requirements will be mandatory for the URAR, Condo and Exterior-Only forms. Conventional loans delivered to the GSEs on or after March 19, 2012, will be required to conform to the new Field-Specific format. Implementation will begin in September 2011. Fannie and Freddie have been working with software providers to insure the forms will be available by that time.

These changes impact numerous fields on the report form with several having choices via “dropdowns”. For example, the Contract Section will require the appraiser to choose the type of sale. The choices include; REO Sale, Short Sale, Court Ordered Sale, Estate Sale, Relocation Sale, Non-arms Length Sale and Arms Length Sale. Other fields affected are View, Style/Design, Sale or Financing Concessions, Date of Sale/Time and Location.

If the property is currently offered for sale or has been offered for sale in the past 12 months, the appraiser is required to include the Days On Market, Offering Price including price changes, Offering Date and Data Source. If the subject is otherwise

marketed the appraiser must report the same information to the extent it is available in the normal course of business. An example would be; DOM125; Subject property offered 03/01/2010 for \$225,000. Data source is MLS#102345B.

In the Improvement Section of the appraisal report, the appraiser must provide the following information: Overall Condition Rating, Level of Work Completed, and Timeframes for Work Completed. Choices range from C-1 through C-6. Each condition has specific definitions found in the guide. C-1 would apply to new construction and C-6 would indicate a property with substantial deferred maintenance. Similar selections will be required for Quality Ratings with the choices ranging from Q-1 to Q-6.

Site and view are other areas with new requirements. For sites less than one acre, the site size must be reported in square feet, or 8245sf. For sites greater than one acre, the size must be reported in acreage to two decimal places, or 6.25 ac. A dropdown is provided for reporting the view of the subject. The choices include N (Neutral); B (Beneficial); and A (Adverse). Furthermore, the appraiser must provide at least one but not more than two, view factors from a list provided. Examples of view factors include Water View, Pastoral View, Power Lines and Residential View. If none of the choices is applicable, the appraiser will have the ability to insert a personalized descriptor. However,

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Discipline



All complaints received by the Commission are numbered and tracked on the complaint log. A complaint may be based upon personal knowledge or information received from other sources. The complaint must be made in writing. Verbal or telephone communications are not acceptable, but you may request a complaint form by telephone, fill it out and mail back to the Commission.

In general, the complaint is considered to be a closed record and is not accessible to the public. Any complaint that is received by the Commission is acknowledged in writing. The complainant will be notified of the final outcome. Any disciplinary action taken by the Commission is a matter of public record. The Commission believes publication of disciplinary actions to be in the public interest and has included such in this newsletter.

If you have any questions, please contact Vanessa Beauchamp, Executive Director at our office. Please note that all disciplinary orders are posted on the website. The following disciplinary actions were taken by the Commission since the last newsletter and will be maintained as open records, according to the terms of the action.

(See Discipline on pg. 4)

Fannie/Freddie announce changes for residential appraisals continued...

these must be descriptive, and using terms like 'None', "Typical" and "Average" is unacceptable.

The appraiser is required to report the architectural style and design of the improvements. An example would be Colonial instead of 1.5 story. Again, this is required to standardize and clarify reporting to the GSEs.

The new rules require the appraiser to place the name of the appraisal management company in the Appraiser Certification Section if the appraisal was ordered through an AMC. If no AMC was involved, "No AMC" must be entered.

Other requirements include addresses that conform to the United States postal Service with the option of including the +four. Address standards are available at USPS.gov. Another change to reporting requirements standardizes dates in the report. All dates must be in mm/dd/yyyy format.

The information in this newsletter is a brief overview of changes set for implementation March 19, 2012 by FannieMae and FreddieMac. Detailed information is available in the Uniform Appraisal Dataset Specification/Field-Specific Standardization Document Version 1.0 at: <http://www.freddie.mac.com/sell/secmktg/docs/uadreqs-for lenders.pdf>.

Discipline



Darin D Adamson

Probation	05/05/2010	05/05/2012
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Rhonda R Allen

Probation	07/08/2010	07/08/2011
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David A Beyer

Suspended (324.010)	11/09/2010	11/15/2010
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Thomas Bone

Probation	02/08/2011	02/08/2013
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Kris A Casburn

Probation	05/15/2010	05/15/2012
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Carol S Collins

Suspended (324.010)	11/09/2010	11/22/2010
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Daniel J Collins

Suspended (324.010)	11/09/2010	11/22/2010
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Richard A Cunningham

Suspension	01/15/2011	02/15/2011
Probation	02/16/2011	02/16/2014

Thomas Curran

Suspended (324.010)	11/09/2010	02/08/2011
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Rick G Drake

Probation	12/30/2010	12/30/2012
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Dana M Dungan

Probation	11/09/2010	11/09/2012
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Tim G Eachus

Suspended (324.010)	11/09/2010	
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Russell L Ellison

Suspension	03/05/2010	06/05/2010
Probation	06/06/2010	06/06/2012

Christopher M Faubion

Suspended (324.010)	11/09/2010	11/10/2010
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John A Golden, III

Suspension	06/29/2010	08/13/2010
Probation	08/14/2010	08/14/2013

(continued on pg. 5)

David D Hand		
Probation	05/27/2010	05/27/2011
Gary J Hanger		
Probation	0/09/2010	10/09/2012
Wade C Higgins		
Probation	07/15/2010	07/15/2013
Douglas B Hogland		
Suspended (324.010)	11/09/2010	11/17/2010
J Robert Hunter		
Revoked	12/31/2010	Revoked
Dennis C Keithley		
Suspension	11/01/2010	11/30/2010
Probation	12/01/2010	12/01/2013
Jeffrey S King		
Suspended (324.010)	11/09/2010	12/29/2010
Bradley M Krantz		
Probation	07/01/2010	07/01/2013
Connie L Lerch		
Suspended (324.010)	11/09/2010	11/15/2010
Douglas G McGowan		
Suspended (324.010)	11/09/2010	
Douglas G McGowan		
Probation	06/19/2010	06/19/2012
Shelly M Menz		
Suspension	06/16/2010	09/14/2012
Probation	09/15/2010	09/15/2012
Christopher J Mild		
Suspended (324.010)	11/09/2010	
Dale Nicely		
Suspended (324.010)	11/09/2010	
James C Nicholson		
Revoked	05/27/2010	

Jeffrey Noyes		
Probation	01/26/2011	01/26/2012
Jennifer K Phillips		
Suspended (324.010)	06/21/2010	06/28/2010
Steven J Popp		
Probation	10/09/2010	10/09/2011
Eric S Turner		
Suspended (324.010)	11/09/2010	
Tellee C Warren		
Suspended (324.010)	11/09/2010	02/07/2011
Chris L Yack		
Suspension	01/13/2010	06/13/2010
Probation	06/14/2010	06/14/2012
Kathy Allen-Gray		
Probation	02/22/2011	08/22/2011
Richard Cunningham		
Suspension	01/15/2011	02/15/2011
Probation	02/16/2011	02/16/2014
Jack Delaney		
Suspension	03/01/2011	06/01/2011
Probation	06/02/2011	06/02/2014
Kandace Hayworth		
Probation	02/22/2011	02/22/2012
Philip Mannino		
Revoked	03/18/2011	
Brian Martin		
Revoke	03/18/2011	
Dale Smith		
Probation	03/22/2011	03/22/2014
Holly Witkowski		
Revoked	03/18/2011	

Complaint Statistics



FY 07 (July 1, 2006 - June 30, 2007)	118
FY 08 (July 1, 2007 to June 30, 2008)	60
FY 09 (July 1, 2008 to June 30, 2009)	143
FY 10 (July 1, 2009 to June 30, 2010)	90
FY 11 (July 1, 2010 to April 1, 2011)	80

License Statistics

State Licensed	143
Certified Residential	1,384
Certified General	768

Examination Statistics

2008

		Pass	Fail
General	All	1 (100%)	0
	Retake	0	0
Residential	All	3 (60%)	2 (40%)
	Retake	1	--
State	All	--	--
	Retake	--	--

2009

		Pass	Fail
General	All	4 (66.67%)	2 (33.33%)
	Retake	--	2 (100%)
Residential	All	14 (66.67%)	7 (33.33%)
	Retake	2 (28.57%)	5 (71.43%)
State	All	1 (50%)	1 (50%)
	Retake	--	--

2010

		Pass	Fail
General	All	1 (12.50%)	7 (87.50%)
	Retake	3 (42.86%)	4 (57.14%)
Residential	All	12 (52.17%)	11 (47.83%)
	Retake	4 (100%)	--
State	All	3 (100%)	--
	Retake	--	--

New Commission Members & Farewells



Ann Nunn Jones

Ann Nunn Jones was appointed by Governor Nixon on October 12, 2010. Ann is a state certified residential real estate appraiser and is a member of Appraisal Associates Nunn & Young LLC in Jefferson City Missouri. She is a graduate of Cornell College, Mt. Vernon, Iowa and has been appraising residential properties in mid-Missouri for over 25 years.

She is a member of the St. Louis Chapter of the Appraisal Institute and holds the SRA designation. Her recent involvement includes Missouri Appraiser Advisory Council, Appraisal Section of the Missouri Association of Realtors, Missouri Housing Industry Alliance and numerous local civic organizations.



Cash Gill

Cash Gill of Gill Group, Inc. was appointed to the Commission by Governor Nixon on December 2, 2010. He holds a state certified general certification.

Cash is an alumni of the University of Missouri with a Bachelor of Science Degree in Business, an Advisory Trustee to the National Council for Affordable and Rural Housing (CARH), a member of the Board of Directors of CARH, Chairman of the Appraisal Subcommittee for CARH, a member of the Advisory Board for the Tax Credit Advisor national publication, and a Designated Member of the Appraisal Institute (MAI) of which there are only approximately 100 in Missouri. He is considered an expert in the field of valuation as he regularly publishes articles in sources such as the New York Real Estate Journal and the Tax Credit Advisor. He also lectures on guidelines, procedures and pitfalls associated with real estate valuation and market research across the country.

THANK YOU

The Commission would like to thank Shawn Ordway and Keith Duncan for their service. Shawn was appointed to the Commission on February 28, 2006 and served as Commission chair from September 11, 2007 to May 31, 2010.

Keith served on the Commission from October 2, 2009 to December 28, 2010.

Disclosures

The Missouri Real Estate Appraisers Commission is concerned about the practice of real estate appraisers with regard to transactions involving seller assisted down payments, seller concessions, personal property transfers with real property and other items of value included with the sale of real property.

The sales data is crucial when completing a market analysis; therefore the information must be accurate. It is imperative that both real estate appraisers and real estate brokers work together to ensure that the data is reliable and accurate. Remember, as an appraiser you are to produce a credible report compliant with USPAP.

As an appraiser be sure to:

- Research and confirm subject property and comparable sales, this includes obtaining details of the contract and financing terms.
- Research and confirm all relevant information about a transaction, including seller paid costs.
- Utilize all available data search tools, including the listing history and seller contributions features of multiple list services.
- Make appropriate comparable adjustments when seller contributions and inducements to purchase when developing a report.
- Comply with the applicable provisions of the Ethics Rule and Standards 1 and 2 of USPAP.
- Comply with the scope of work requirements set forth by agencies such as the Federal Housing Administration.

In an effort to assist not only appraisers but real estate licensees as well, the Missouri Association of Realtors (MAR) Appraisal Section recently sent a letter out to all of its boards asking local MLS to emphasize the use of or adding a concession field.

2011 Meeting Dates

All meetings are held in Jefferson City

May 17-19th	September 7th
June 8th	October 12th
July 13th	November 8-10th
August 9-11th	December 14th

AMC Regulations

Governor Jay Nixon signed HB 1692 into law last year which relates to the registration of appraisal management companies. In addition to this state legislation, President Obama signed into law the Dodd-Frank bill which includes language regarding the licensing of appraisal management companies at the state level.

Currently AMCs are able to go to the Commission's website and provide their contact information for use once licensure begins.

Residential Site Valuation:

Do's and Don'ts

It is unacceptable to go to the local assessor's office and write down the house value and turn it in as your own appraisal. So why would it be OK to go to the local assessor's office and write down the land value and use it as the site value in the cost approach section of a URAR report?

The Commission is concerned at the number of URAR and other residential reports where the development of site value does not meet USPAP standards, and particularly in the case where appraisers do nothing more than use the local assessor's land value in the cost approach. The Commission does not encourage using the assessor's land value as an "appropriate method or technique" of site valuation.

While many residential reports no longer include a cost approach, when it is included, it must be done correctly per USPAP Standards. Remember, the appraiser decides which approaches are necessary for credible results, not Fannie Mae (FNMA) or anyone else. Just because FNMA may not require the cost approach does not mean that USPAP has waived the requirement to include the approach when it leads to credible results. Per Missouri law, you must comply with USPAP; FNMA will not mind that the cost approach was included where it is appropriate and leads to credible results.

What does USPAP require?

USPAP Scope of Work Rule: Scope of Work Acceptability

The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

USPAP Standards Rule 1-1

(a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;

USPAP Standards Rule 1-4(b)

When a cost approach is necessary for credible assignment results, an appraiser must:

(i) develop an opinion of site value by an appropriate appraisal method or technique;

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MOVING?

**PLEASE NOTIFY THE
COMMISSION OF YOUR
NEW ADDRESS**

**The rules and regulations
require all licensees
to notify the Commission
of all such changes by
sending a letter to the office in
Jefferson City, Missouri.**

**Please include a street
address to facilitate any
express mail deliveries.**

**PLEASE MAIL TO:
Real Estate Appraisers
Commission
P.O. Box 1335, Jefferson City,
Missouri 65102-1335**

Residential Site Valuation:

Do's and Don'ts continued...

While USPAP is not always easy and fun to read, it is quite clear that if performing a cost approach, one must utilize appropriate methods and techniques to develop the site value and that one must also **correctly employ** those recognized methods and techniques.

The Appraisal of Real Estate, 13th edition lists the following methods of land valuation:

- Sales comparison
- Market extraction (abstraction)
- Allocation
- Land residual technique
- Ground rent capitalization
- Subdivision development analysis

These same methods and techniques are listed in most appraisal textbooks. The first three methods are typically used in residential appraising while the latter three are income methods generally not applicable to typical residential sites. It is understood that land sales are seldom plenty and it would be difficult to assume sufficient land sales are always going to be available to perform a sales comparison for site value on every residential appraisal. Therefore, it is necessary to be competent in the other accepted methods/techniques (Market Extraction and Allocation) applicable to residential sites. This is especially true for appraisers who work in areas that are fully developed and vacant land sales no longer occur. In such cases, competent appraisers do not rely on the assessor's land value, but rather use "appropriate methods and techniques" and employ them correctly to develop USPAP compliant reports.

Residential appraisers should take full advantage of the space on page 3 of the URAR to explain the "support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)". This space should NOT state, "land value is from assessor's records". And while many appraisers tend to simply list MLS numbers or the total number of sales considered as support for the site value, USPAP requires analysis and reasoning of the data must also be included. Just listing sales does not give any indication of how the sales were analyzed or to what degree. Including information as to which sales were most similar, or what considerations were taken into consideration in forming the opinion of site value are beneficial to the client and lend a great deal of credibility to the site value analysis. When vacant land sales are not available, page 3 of the URAR should clearly indicate what alternative methods and techniques were used, and explain the reasoning and analysis of how they were used to reach an opinion of site value.

Standards Rule 2 (b) (viii)

Summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach or income approach must be explained.

The bottom line is that the site value should be fully supported by appropriate methods and techniques on every appraisal, including appropriate analysis and reasoning of how the opinion of value was determined. If sales are lacking and an appraiser is unable to properly develop site values, do not rely on the assessor's value; practice objectivity, form independent opinions, and ensure work is USPAP compliant. Get out textbooks and reference books and do the work necessary; also consider taking a "Site Valuation and Cost Approach" course as a refresher.